

Registers of Scotland

RoS Board

12 September 2023

Key risk register (KRR)

Purpose

1. The paper provides an update on the KRR 2022-27 Delivery Year 2 following EMT, Audit & Risk Committee (ARC) and Key Risk Owner (KRO) review. The paper supports the board in fulfilling its role of providing strategic advice to the Keeper and for its focus on setting a framework of prudent and effective controls that enables risk to be assessed and managed.

Recommendation

2. RoS Board is requested to review the KRR summaries at Annex 1 and advise the Keeper on the update.

Background

3. The KRR contains (i) the key risk scenarios that may affect delivery of our corporate plan objectives and (ii) the risk response strategies for these threats and opportunities. The KRR is a 'live' document reviewed and updated at least monthly by KROs and submitted to EMT for approval as part of their monthly corporate governance review process. The KRR is also submitted to RoS Board and ARC meetings for noting and/or advice as a summary report or as the RoS Assurance Framework report.

Key risk register

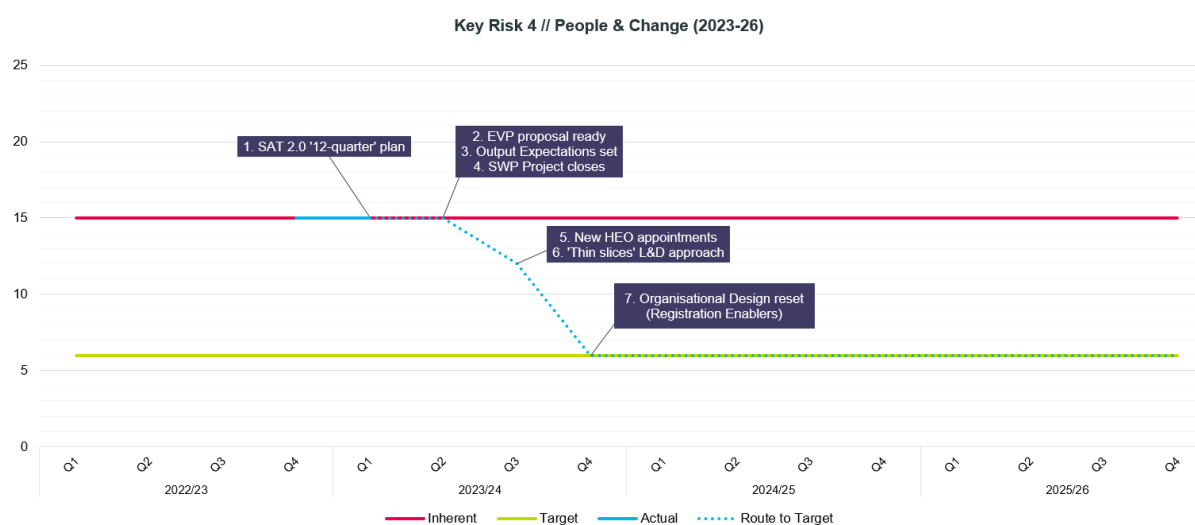
4. The paper adopts a 'reporting by exception' approach comprising 3 elements:

Reporting element	Frequency of reporting	Board input / 'Ask of the Board'
1. Key Risk profile	Every Board meeting	Advice on whether strategic risk exposure continues to be reflected in the KRR
2. New/developing risks	As relevant	Advice on how risks have been assessed in terms of 'causes - scenario - impacts' and the risk response (i.e. controls)
3. Risks trending away from target risk score / controls not delivering anticipated risk response	As relevant	Advice on how risks have been assessed in terms of 'causes - scenario - impacts' and the risk response (i.e. controls)

KRR reporting element 1 - Key Risk Profile

5. KROs have reviewed key risks and where appropriate updated risk descriptions, appetite, proximity, scoring, controls and assurance opinions. A KRR summary as at the date of this paper is at Annex 1. The 'live' KRR will be available to RoS Board at the September 2023 meeting.

6. KR4 (People & Change 2024-26) and KR7 (People & Change 2021-24) have merged into one People & Change Key Risk (KR4) with an updated timeframe of 2023-26. This timeframe coincides with initiatives to accelerate reduction of open casework. Merging the risks acknowledges the control overlap between the separate risks and allows for a more focussed response. The updated KR4 scenario represents moving beyond (i) the minimum requirements required from our people to deliver the corporate plan to (ii) accelerating progress and achieving a 'step change in productivity':



7. KR4 People & Change (2023-26) will either evolve again to respond to strategic risk associated with pursuing the 2030 Vision (post-2026) or a new key risk will be assessed nearer the time.

8. KR10 Customer Satisfaction - customer research into Embedded Title Sheets (ETS - an initiative designed to accelerate open casework reduction) began in August. This will inform future assessment of this risk (current assessment = 15 ('Very High' likelihood, 'Major' impact). This risk is categorised as 'Reputational' with a corresponding 'Cautious' appetite – reflecting our willingness to accept some reputational impacts in pursuit of open casework reduction.

KRR reporting element 2 – New/developing risks

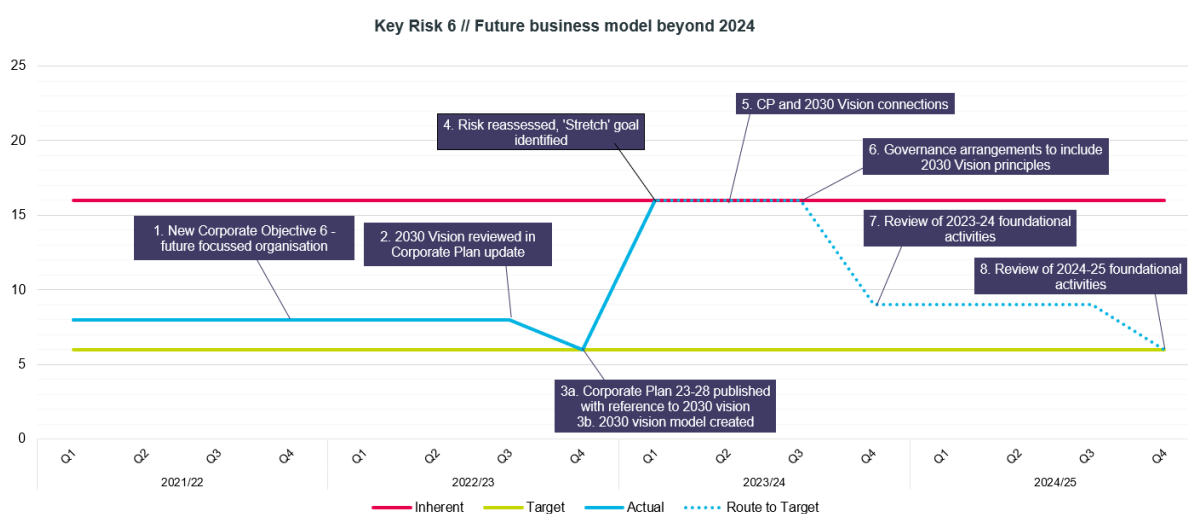
9. KR1 Financial Health (Annual Performance) - the potential for the likelihood of this scenario to increase in 2023-24 because of income being lower than forecast is being carefully monitored. Quarterly reviews of income and spend inform assessments of this risk. Corrective controls to reduce likelihood are ready should they be needed.

KRR reporting element 3 - Risks trending away from target risk score / controls not delivering anticipated risk response

10. KR6 Future Business Model - risk scenario has been reviewed and updated to:

“There is a threat that insufficient strategic thinking **and prioritisation of strategic objective 1** will inhibit our ability to realise our long-term vision and respond strategically beyond 2024” [addition in bold type].

11. Consequently the KRO has increased the current likelihood and impact assessment of this risk to ‘High’ (from ‘Low’) and ‘Exceptional’ (from ‘Major’), with an overall score of 16. This risk is categorised as a ‘Strategic’ risk, with a ‘Cautious’ appetite and a target score of 6, as shown on the updated route to target:



Conclusion

12. RoS Board to review the KRR summary at Annex 1 and consider the background, topic matter and recommendations in this paper for advice to the Keeper and EMT.

**Head of Enterprise Risk Management
Corporate
21 August 2023**

Annex 1a - Key Risk Register Summary

RoS Key Risk Register Summary

August 2023

Threats

■ Very Low
 ■ Low
 ■ Moderate
 ■ High
 ■ Very High

1	Financial Health (Annual Performance) Appetite : Cautious Response : Treat	Current Score 8 -7 vs Inherent	Target Score 8 0 vs Last Quarter	2	Financial Sustainability (Longer Term) Appetite : Minimalist Response : Treat	Current Score 9 -7 vs Inherent	Target Score 4 0 vs Last Quarter
3	Operational Capacity Appetite : Minimalist Response : Treat	Current Score 12 -3 vs Inherent	Target Score 4 0 vs Last Quarter	4	People & Change (2023-26) Appetite : Cautious Response : Treat	Current Score 15 +0 vs Inherent	Target Score 6 0 vs Last Quarter
5	Public Trust in the Registers Appetite : Minimalist Response : Tolerate	Current Score 4 -6 vs Inherent	Target Score 4 0 vs Last Quarter	6	Future business model beyond 2024 Appetite : Cautious Response : Treat	Current Score 16 +0 vs Inherent	Target Score 6 +10 vs Last Quarter
7	People & Change (2021-2024) Appetite : Minimalist Response : Treat	Current Score 9 -16 vs Inherent	Target Score 4 -7 vs Last Quarter	8	Information Security Appetite : Cautious Response : Treat	Current Score 16 -9 vs Inherent	Target Score 9 0 vs Last Quarter
9	Product Sustainability Appetite : Cautious Response : Treat	Current Score 16 -4 vs Inherent	Target Score 9 0 vs Last Quarter	10	Customer Satisfaction Appetite : Cautious Response : Treat	Current Score 15 +0 vs Inherent	Target Score 9 0 vs Last Quarter

Opportunities

■ Low
 ■ Moderate
 ■ High

11	LRC - Realising Benefits Appetite : Open Response : Take	Current Score 9 +8 vs Inherent	Target Score 16 +6 vs Last Quarter	12	Maximising Use of RoS Data Appetite : Open Response : Take	Current Score 4 +3 vs Inherent	Target Score 20 0 vs Last Quarter
13	Relationship with SG Appetite : Open Response : Take	Current Score 12 +11 vs Inherent	Target Score 16 0 vs Last Quarter				

Annex 1b - Key Risk Scenarios

Key Risk	Scenario
1. Financial Health (Annual Performance)	There is a threat that RoS is unable to break-even* on an annual basis (*excludes capital and ringfenced budgets)
2. Financial Sustainability (Long Term)	There is a threat that RoS is unable to achieve financial sustainability over the medium (3 years) to longer term (5 years)
3. Operational Capacity	There is a threat operational capacity is insufficient to substantially reduce open casework and deliver Corporate Plan objectives
4. People & Change (2023-26)	There is a threat that our people* are not ready to deliver the step change in productivity required to clear the open casework (*including attitudes, skills, behaviours)
5. Public Trust in the Registers	There is a threat of loss of public trust in the keeping of the registers
6. Future Business Model Beyond 2024	There is a threat that insufficient strategic thinking and prioritisation of strategic objective 1 will inhibit our ability to realise our long-term vision and respond strategically beyond 2024
7. People & Change (2021-24) (merged with KR4)	There is a threat that our people* are not aligned to organisational needs up to 2024 (*including attitudes, skills, behaviours, performance and numbers).
8. Information Security	There is a threat that our information security is compromised, significantly impacting the confidentiality, integrity and availability of the registers and services provided by Registers of Scotland
9. Product Sustainability	There is a threat that our residual technical debt is not managed resulting in unexpected business disruptions and failure to realise benefits from digital investment and replacing legacy obsolescence
10. Customer Satisfaction	There is a threat to customer satisfaction from initiatives to reduce open casework
11. LRC – Realising Benefits	There is an opportunity to realise benefits for RoS, our customers and the wider economy from work to complete the Land Register
12. Maximising Use of RoS Data	There is an opportunity to fully unlock the potential of RoS data and maximise its use, delivering increased value and benefits to RoS, our customers and the wider Scottish economy
13. Relationship with SG	There is an opportunity to maintain and enhance our strong and close relationship with SG and other stakeholders in which our role in underpinning the property market and adding value to the Scottish economy and public sector is recognised and supported.